PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	Suppose that the supply curve of lin is highly inelastic if the demand curve of lin decreases and increases cyclically along the supply curve of lin then in this market the size of the quantity fluctuations will be _____ the size of the price fluctuations.	A. Relatively greater than B. Relatively less than C. the same as D. Any of the above
2	Of the following which one is a characteristic of monopolistic competition.	A. Standardized product B. Comparatively easy only C. Little non price competition D. None of these
3	If tastes are identical between countries than comparative advantage is determined by	A. Supply conditions only B. Demand conditions only C. Supply and demand conditions D. Can't tell without more information.
4	Disposable income is.	A. Income less taxes B. Income less direct taxes C. income less indirect taxes D. All of these
5	Depreciation is.	A. A decrease in the stock of capital B. Gross investment C. Net investment D. An increases in the stock of capital
6	The arrangement were goods imported from trading partners in the developing world are subject to lower tariff rates than good from other countries is referred to as.	A. Normal trade relation status. B. Most favored nation status C. Generalized system of Preferences. D. Offshore assembly provisions
7	Indifference curves shows various combinations of.	A. One commodity B. Two C. Three D. All of these
8	The relation ship between the exchange rate and the prices of tradable goods is known as the.	A. Purchasing power parity theory B. Asset markets theory C. Monetary theory D. Balance of payments theory
9	Which of the following NOT a source of economic growth.	A. Investment in new capitals B. Labor productivity C. Investment in human capital D. Technology advances
10	Capitalism refers to	A. the use of markets B. Government ownership fo capital goods C. Private ownership of capital goods D. Private ownership of homes and cars
11	A market is in equilibrium when	A. Ac = P B. MC = MR C. AC =AR D. TC =TR
12	The "balance trade" is a record of.	A. Exports and imports of financial assets B. The current account plus capital account C. The export of goods and services. D. the value of merchandise exports minus imports
13	The form of intonational price discrimination normally associated with economic recession or excess inventions in the exporting nation is known as.	A. Predatory dumping B. sporadic dumpling C. Persistent dumpling D. Year and dumping
14	The exogenous variable in the income equation C +!+G = y is	A. C B. I C. G

		D. None of these
15	A firm's monopolistic position is strengthened by	A. low elasticity of demand for its product B. High elasticity of demand for its product C. Constant elasticity of demand D. None of the above
16	International trade forces domestic firms to become more competitive in terms of.	A. The introduction of new products B. Product design and quantity C. Product price D. All of the above
17	If the coefficient of price elasticity is less than one	A. It is normal good B. It is inferior good C. It is luxury good D. All of these
18	A decrease in lump sum taxes is an examples of.	A. Contractionary fiscal policy B. Expansionary fiscal policy C. A change in induced taxes D. A and c
19	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
20	The Hocksher Ohlin model rules out the classical model's basis for trade by assuming that. _____ is identical between countries.	A. Factor endowments B. Factor intensities C. Technology D. Opportunity costs